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Do Institutions Matter for Sustainability? Evidence from WAEMU Countries

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Abstract

The objective of the research is to examine the effects of governance on sustainable development in the countries of the West African Economic and Monetary Union (WAEMU) over the period 2006 to 2022. It uses the synthetic sustainable development index (SDI). It uses appropriate estimation techniques and finds that political stability, compliance with rules and corruption have an impact on sustainable development. In addition, inflation is a macroeconomic variable that undermines efforts to achieve sustainable development goals. The research encourages all measures aimed at improving governance in the countries of this area.

Keywords: Governance, Effect, Sustainable development, WAEMU

Code JEL: O11, O55, Q01, P48

1.Introduction

The concept of sustainable development first appeared in a report published in 1987 by the World Commission on Environment and Development of the United Nations entitled "Our Common Future" also called the Brundtland Report (WCED, 1987). From the English sustainable development, sustainable development is defined according to this report as a development that meets the needs of today without questioning the ability of future generations to meet their own needs. But it should be noted that this same report proposes six other definitions of this same concept, thus reinforcing its ambiguous nature. Since then, several studies such as those of the OECD, the UNDP, the World Bank and NGOs have multiplied on sustainable development. Overall, there are two main classifications of the concept of sustainable development: firstly anthropocentrism which emphasizes the maintenance of human well-being through

(i) the economist approach which calls for implementing the economic means of sustainability (Solow, 1986; Turner, 1988; OECD, 1989)

(ii) the ecological approach which emphasizes the preservation of natural resources (Norgaard, 1984; Redclift, 1987)and

(iii) the social approach which emphasizes socio-ecological conditions of well-being (Lele, 1989).

In second place comes eco-centrism which aims at the protection of life (Page, 1983).

In 2015, the United Nations General Assembly held the "United Nations Summit on Sustainable Development Goals (SDGs)". At this summit, 17 SDGs were adopted, with all member states committing to achieving them between 2015 and 2030. These goals consist of 17 major goals and 169 sub-goals that were endorsed as an urgent call to action by all UN member states. Within this framework, they aim to overcome global challenges on important issues such as education, poverty, inequality, climate change, global warming, environmental degradation,

economic growth and innovation, peace and justice, which concern all countries and must be implemented (UN General Assembly, 2015).

The concept of governance is generally linked to power and control, particularly the manner in which power is exercised. According to the African Governance Report Governance is the exercise of political, economic and administrative authority to manage the affairs of a country at all levels (AGA, 2019). "Good governance" includes the following main components:

(i) legitimacy, whereby the government has the consent of the governed;

(ii) accountability that ensures transparency and responsibility for actions;

(iii) respect for the law and the protection of human rights;

(iv)competence, which involves effectively developing policies and ensuring their implementation and delivery of services.

According to the United Nations Development Programme, governance can be defined as the exercise of economic, political and administrative authority to manage the affairs of a country at all levels. It encompasses the mechanisms, processes and institutions through which citizens and groups express their interests, exercise their legal rights, assume their obligations and to which they refer to resolve their disputes. It covers three dimensions: political, economic and administrative. Political governance is a decision-making process that affects policy development. Economic governance is a decision-making process that affects economic activities and economic relations with the rest of the world. Finally, administrative governance is a decision-making process that affects the policy implementation system (UNDP, 1997).

For the UN, governance translates into the management of public affairs including all economic actors such as the State, the private sector and civil society (Leftwich, 1993).

In the important work of Kaufmann, Kraay, & Zoido-Lobaton (1999), six indicators used to capture governance emerge: voice and accountability; political instability and violence; government effectiveness; regulatory burden; rule of law and corruption.

The debates on the relationship between governance and sustainable development or development in general are not new. Already in 1989, the World Bank stated that Africa's development problems are the result of a crisis of governance (Cho, et al., 1989).

When an institution is performing, it meets all expectations; when sustainable development is achieved for all men and women; when poverty is significantly reduced; when participation in political life is ensured for all, in this situation, the rule of law is at the heart of good governance. It is therefore important to put in place a system of rules that are actually applied, to establish institutions that function effectively and that ensure efficient application of these rules (Ziadi & Bhibah, 2016).

Bad governance is manifested in the increase of bureaucracy and corruption. This is due to the inefficiency of public institutions. In addition, corruption results in political instability which negatively influences economic growth. It is considered to be an increasing function of poverty and a decreasing function of the growth rate of the economy (Londeyran & Poole, 1990).

African countries, in particular those of the West African Monetary Union, have been facing governance problems coupled with insecurity in recent years. All these elements undermine the Sustainable Development Goals.

There are very few studies to our knowledge that have analyzed the effects of governance on the specific case of West African countries. The existing studies that focus on these countries

deal with the relationship between governance and poverty; the relationship between governance and economic growth; the dynamics of institutional quality, sustainable development and poverty (Ziadi & Bhibah, 2016; Mohamed Bello, 2014; Anani, 2022; Diagne, 2014).

Our study aims to contribute to the literature by filling this gap.

The objective of this research is to examine the effects of governance on sustainable development in the countries of the West African Economic and Monetary Union. The main question that the research seeks to answer is: Does governance influence sustainable development in WAEMU countries?

This research is broadly part of the search for the determinants of sustainable development. It is part of the theoretical developments of Sebastien & Brodhag (2004) and Common & Perrings (1992).

The research will use panel data and employ appropriate estimation techniques to assess the effects of governance on sustainable development in WAEMU countries.

2. Literature review

2. 1. Theoretical review

On the theoretical level, most of the thinking has focused on the relationship between governance and economic growth strictly speaking. This is partly explained by the fact that the concept of sustainable development is relatively recent. There are several approaches in this direction. Only the most representative theoretical developments will be presented.

First of all, the rent-seeking theory which comes from the public choice theory. It states that economic agents have a basic motivation which is rent-seeking. Agents try to obtain the highest income in the absence of economic and social rules of conduct. This theory consists in favoring the search for a rent obtained using the manipulation or exploitation of the economic or political environment, rather than an income corresponding to an activity bringing a surplus of wealth for the community. Bhagwati, Brecher, & Srinivan (1984) speak of DUP activity (Directly Unproductive Profit-Seeking) that is to say the "search for directly non-productive profit" resulting from an activity not directly productive.

Buchanan (1954) distinguishes between profit seeking and rent seeking. The former leads to acting in such a way that the marginal social gain of the action is greater than the marginal private gain. It leads to an externality from which society as a whole will benefit. The latter leads to a private gain greater than the marginal social gain. What characterizes rent seeking is the use of legal or illegal means of influence to push a political power to make decisions that create or contribute to creating or maintaining a rent for private economic interests to the detriment of the objective general interest. From an economic point of view, in a monopolistic situation, Tullock (2005) demonstrated the negative effect that rent seeking can have on the overall income of society.

Next, it is worth noting the theory of capture or positive economics of regulation. This theory developed by Stigler (1971) describes how interest groups and political actors use the regulatory means and the coercive power of states to steer laws and rules in directions that favor them. According to this author, as a general rule, regulation is acquired by the industry and is designed and exploited primarily for its benefit. He proposes the general hypothesis: any industry or

profession that has enough political power to use the state will seek to control entry. Furthermore, regulatory policy will often be designed to retard the growth rate of new firms.

A third theory that addresses governance issues in relation to development is the theory of normative public economics. This economic thought stipulates that the role of the state can be expanded to correct the imperfections and failures of the market that are highlighted (Roemer, 1998; Sen, 2004). Normative economics , as opposed to positive economics, is a branch of economic analysis that studies normative values and judgments. It is concerned with issues of justice and fairness in economic matters, and in particular with what the economic organization itself, and the objectives of economic policy, should be.

The fourth theory is related to the theory of bureaucratic waste developed by (Niskanen, 1971). For this author, the bureaucratic structure that prevails in the public sector leads to an unnecessary inflation of public spending, either because public programs are too large or because the productive combinations implemented are non-optimal. This theory can predict a relationship between the quality of services provided by public administration and growth supposed to lead to optimal productive combinations.

Finally, the last theory is that of the new public economy (NEP). This thought analyzes the failures of the State as a legislator and proposes to correct them, because the market is not the only source of inadequacies.

The central aspect of New Political Economy is the heterogeneity of interests. Without heterogeneity of preferences, the aggregation of preferences to form a collective choice does not really make sense. Moreover, without conflicts of interest, the choice of economic policy is quite simple and consists in maximizing the welfare of a representative agent (identical to all the others). For Drazen (2000) the importance of heterogeneity of preferences can be summarized in two propositions. First, this heterogeneity is necessary to have political constraints. In other words, it is a necessary condition of NEP. Second, the economic impact of political constraints on economic outcomes depends on the collective decision mechanisms that allow the resolution of the heterogeneity of interests, and this is precisely what defines NEP.

2.2. Empirical review

Studies have shown that there is a link between sustainable development and governance (Kemp, Parto, & Gibson, 2005).

Davis (2017) empirically examined the relationship between good governance and human development indicators in sub-Saharan Africa. Its findings indicate that good governance and human development remain major challenges across sub-Saharan Africa. The findings show a significant relationship between measures of good governance and human development. The findings suggest that policies and efforts to improve government effectiveness and political stability have a significant impact on human development and poverty reduction efforts. The findings support the adoption of integrated policy approaches that consider political development as well as economic development to reduce poverty in sub-Saharan Africa.

Güney (2017) on the other hand used the adjusted net savings indicator to examine the relationship between sustainable development and governance in 121 countries using data covering the years 1996 to 2012. According to these estimation results obtained, governance has a significant and positive effect on sustainable development. This powerful effect applies to all developed and developing countries. Thus, to prevent resources from becoming scarce, countries should increase their levels of governance. As a result, the level of well-being will be protected.

Omri & Ben Mabrouk (2020) analyzed data on governance and sustainable development from 1996 to 2014 to study countries in 20 MENA (Middle East and North Africa) regions.

Using simultaneous equation modeling, they note that:

(i) political and institutional governance contributes positively to the three components of sustainable development;

(ii) there is a bidirectional link between human development and economic growth, meaning that they are interdependent and can very well serve as complements to each other;

(iii) increased economic growth leads to more emissions, which in turn decreases economic growth;

(iv) improved human development leads to reduced carbon dioxide emissions, which in turn negatively affects human development;

(v) improving political and institutional governance enables MENA governments to moderate both the negative impacts of carbon emissions on economic growth and human development

and the positive impact of economic growth on increasing emissions, and therefore sustainable development

Mahran (2023) examines the impact of governance on economic growth. Using a sample of data from 116 countries worldwide and a spatial econometrics approach, to estimate the impact of governance on economic growth in a sample of 116 countries worldwide. The results showed the existence of spatial dependence and that the SAC model was the most appropriate, as it had the lowest information criterion. Their results obtained from the estimation of the SAC model led him to conclude that the spatial error coefficients, lambda (λ) and spatial lag coefficients, rho (ρ) are statistically significant, which indicated to him that the economic growth of each country positively and significantly affects the economic growth in its neighboring countries. And that a 1% increase in the average growth rates of neighbors would increase economic growth by 0.321%, all other things being equal.

Asongu & Diop (2022) analyzed how governance and infrastructure modulate the effect of natural resource rents on economic growth in a sample of 110 countries for the period 2000–2018. Their empirical evidence is based on panel smooth transition regressions (PSTR). In their work, the following conclusions were established. First, the link between economic growth and natural resources is non-linear and the underlying non-linearity depends on the existing levels of infrastructure and governance. Second, evidence of a "natural resource curse" is apparent in countries with extremely low levels of governance and infrastructure development. Third, the favorable effect of natural resources on economic growth requires a governance threshold of -1.210 and an infrastructure threshold of 2.583.

Mitsi (2021) studies the relationship between good governance and economic growth in six Southern European countries (Portugal, Ireland, Italy, Cyprus, Greece, and Spain). Using data from multiple sources for a period from 2002 to 2018 and a methodology based on a 2SLS (two-stage least squares) technique, the results showed that political stability and the rule of law have a significant impact on economic growth. However, government effectiveness, voice and accountability, and regulatory quality are not significant. This means that a 1% increase in political stability would lead to an increase equal to 0.05365% in real GDP per capita. A 1% increase in the rule of law index would lead to a 0.07946% increase in real GDP per capita, while a 1% increase in the control of corruption index would lead to a 0.062% decrease in real GDP per capita, all else being equal.

Maria-Angels & Luis A (2002) studied the relationship between political institutions, foreign direct investment and growth in 119 developing countries. They concluded that there were direct effects of democracy on growth that were statistically significant and positive. In addition, estimates from a three-stage least squares regression showed that democracy had indirect effects on growth, which worked by encouraging schooling, and that the rule of law indirectly influenced growth by encouraging foreign direct investment. A higher FDI/GDP ratio was associated with a faster growth rate. The estimated effect of the FDI/GDP ratio on growth was several times higher than the estimated effect of the domestic investment/GDP ratio on growth. In contrast, their study found no clear link between other types of capital flows and growth. Thus, they recommended that governments develop and guarantee the rule of law and transparency.

Acemoglu & Robinson (2001) study the relationship between institutions and economic performance. Using data on mortality rates of soldiers, bishops, and sailors, as well as the index of protection against the "risk of expropriation" as a proxy for institutions and GDP for 64 countries that were former colonies between the 17th and 19th centuries, and drawing heavily on the work of the historian Curtin, and also using the instrumental variables method as an

estimation method, their first-stage regression showed that mortality rates faced by colonists 100 years ago explain more than 25 percent of the variation in current institutions. However, estimates from two-stage least squares regression showed that the effect of institutions on economic performance is estimated with a relatively precise and large estimate. The paper shows that different colonization strategies led to different types of institutions that have remained to the present day. Colonies with low mortality rates experienced greater European colonization and therefore stronger institutions were built. This ultimately explains the differences between countries in terms of current performance. In areas where there is a high mortality rate, Europeans could not settle permanently. These areas were historically sparsely populated and the only objective was to quickly grab wealth and repatriate it quickly. The institutions set up in these countries were therefore not intended to protect property rights. However, they were the ones that were taken over by the new leaders at the time of independence.

As all these studies show, it is desirable to analyze and quantify the institutional development and quality of governance of countries based on certain variables in studies on sustainable development and governance indicators that are accepted as data. Ultimately, it has been emphasized that the relationship between sustainable development and governance is multidimensional and interdependent.

3.Methodology

3.1. Econometric model

The objective of our work is to analyze the role of governance in achieving sustainable development in WAEMU countries. We hypothesize the existence of a positive relationship between the two variables. Our study uses aggregated data from the World Bank. The data used are panel data and concern eight WAEMU countries, namely Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo, covering the period 2006 to 2022. The total number of observations is 136. To test our hypothesis and drawing on previous empirical work, our econometric model is presented as follows (Lennan & Ngoma, 2004; Govindan, Shankar, & Kannan, 2020; Güney, 2017):

$$SDIit = \alpha + \beta GOVit + Xit + \mathcal{E}it \quad (1)$$

Where SDI is the indicator used to measure sustainable development. It is a synthetic indicator that measures sustainable development in countries around the world. The data on sustainable development are extracted from the SDGs Database (2022) . The method of construction of this indicator is developed by the work of (Hickel, 2020).

GOVit is used to measure governance. It is a matrix composed of indicators on political stability, control of corruption and the rule of law.

Xit is a vector of control variables.

t and i, , Ɛit represent respectively the time dimension (year), the individual dimension and the error term .α represents the constant.

The final econometric model looks like this:

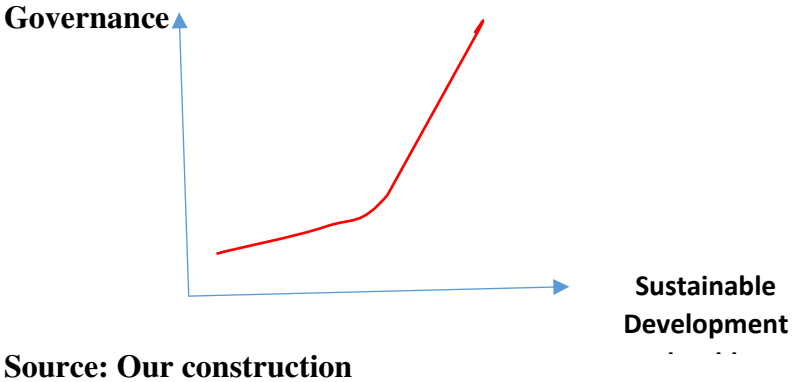
$$SDIit = \alpha + \beta 1PSTit + \beta 2EFG + \beta 3CORit + \beta 4RULit + \beta 5GEXit + \beta 6INFit + \beta 7TOP + \beta 8FDIit + \mathcal{E}$$

To estimate the model, we will first use the fixed effects method and the random effects method. The Hausman test will allow us to discriminate. Since panel data are data on several individuals and evolve over time, it is possible to encounter autocorrelation problems in this analysis. To

correct this bias, we use the method of (Driscoll & Kraay (1998) and that of the panel correted standard errors (PCSE).

From our working hypothesis the following graph emerges:

Figure 1: Relationship between governance and sustainable development



Source: Our construction

Improving the quality of governance across these various dimensions should translate into an improvement in the achievement of sustainable development goals (measured here by the synthetic sustainable development index - SDI). In our opinion, there is a positive relationship between these two variables which can be represented by a convex curve.

3.2. Presentation of variables and data sources

The choice of explanatory variables is inspired by the work of previous authors. The justification for our choices will be explained in the following lines:

Governance

This is a matrix composed of variables identified by (Kaufmann, Kraay, & Zoido-Lobaton, 1999). As a reminder, the six dimensions of governance provided by the latter are as follows: *Voice and Accountability* and *Political Stability* (which capture the process by which public authorities are elected), *Government Effectiveness,* and *Regulatory Quality* (ability of rulers to formulate and execute good development strategies) and *Rule of Law* and *Control of Corruption* (definition of rules and their implementation).

(i) Political stability

Political stability measures the likelihood of government destabilization or overthrow through unconstitutional or violent means.

(ii) Government effectiveness

This variable is supposed to capture the quality of public services, the performance and independence of the civil service, as well as the quality in the design and implementation of public policies.

(iii) Corruption

Corruption measures the use of public services for private gain by elites or lobbies.

(iv) Compliance with the rules

Compliance with rules captures the degree of trust and respect for institutions by citizens.

Government expenditures

Government expenditures is expected to contribute to achieving the Sustainable Development Goals. This variable is expected to have a positive effect.

Inflation

It measures the increase in the general price level in an economy. This variable was introduced on the basis of the work of (Mohamed Bello, 2014). A negative sign of its coefficient is expected.

Trade openness

The degree of openness measured by the sum of exports of goods and services and services, the expected sign of which is positive or negative. It is supposed to have a positive effect on sustainable development (Diagne, 2014).

Foreign Direct Investment (FDI)

An increase in FDI should result in strong economic growth and consequently a greater impact on sustainable development. The expected sign is positive.

Table 1: Presentation of variables .

Variables	Definition	Sources	Expected signs
PST	Political stability	WGI, 2022	+
EFG	Government Effectiveness	WGI, 2022	+
HORN	Corruption	WGI, 2022	+
RUL	Respect for the rules	WGI, 2022	+
GEX	Government expenditures	WDI, 2022	+
INF	Inflation	WDI, 2022	-
TOP	Trade openness	WDI, 2022	+/-
FDI	Foreign direct investment	WDI, 2022	+

Source: Author's construction based on theory

4. Results and discussion

This part presents the descriptive statistics, the correlation analysis and finally the presentation of the results from the econometric estimations.

4.1. Descriptive statistics

The descriptive analysis reveals that the sustainable development index has an average value of 0.4816 for all countries in the zone over the period 2006 to 2022 (Table 2). The highest value is 0.327 while the highest is 0.589.

The governance indicators all show a negative average value close to 0. These indicators range from -2.5 to +2.5. A higher value reflects the quality or better performance in governance. The choice of these indicators is particularly justified by their ability to influence sustainable development. Table 2 shows that WAEMU countries are marked by poor performance in terms of governance as evidenced by the indicators which are on average negative over the study period (political stability, government effectiveness, corruption and compliance with rules).

Government expenditures reported to GDP are on average low for WAEMU countries. The maximum score is 35.60% over the study period.

Inflation, which measures the increase in the general level of prices in an economy, shows an average value of 2.65%. This means that the level of inflation is relatively low in the countries of the zone. The average rate for the countries in the sample considered is 5.66%.

As regards trade openness, the countries in the zone can be considered open to international trade. The level of foreign direct investment is relatively low.

Table 2: Descriptive statistics of the variables.

Variables	Observations	Average	Standard deviation	Minimum	Maximum
Sustainable development	136	0.4816	0.0627	0.327	0.589
Political stability	136	-0.6847	0.6738	-2.4794	0.5478
Government Effectiveness	136	-0.8351	0.3781	-1.8074	0.0218
Corruption	136	-0.6633	0.3848	-1.5974	0.0588
Respect for the rules	136	-0.7053	0.3686	-1.6117	-0.0755
Government expenditures	136	5.6605	7.1938	-17.1798	35.6063
Inflation	136	2.6518	3.2629	-4 .2433	14.5196
Trade openness	136	54.9865	10.091	31.332	80.990
Foreign direct investment	136	2.5322	2.518	-2.574	13.438

Source: Author's estimate.

4.2. Correlation analysis

The correlation matrix shows that some explanatory variables of the model are correlated with each other (Table 3). These are for example the governance variables with each other such as corruption and government effectiveness, compliance with rules and government effectiveness. The control variables are weakly correlated with each other. This situation calls for the use of appropriate modern econometric techniques to avoid having biased estimation results.

Table 3: Correlation matrix.

Variables	Political stability	Government Effectiveness	Corruption	Respect for the rules	Government expenditures	Inflation	Trade openness	Foreign direct investment
Political stability	1							
Government Effectiveness	0.269	1						
Corruption	0.149	0.862	1					
Respect for the rules	0.266	0.806	0.870	1				
Government expenditures	0.070	0.051	0.049	0.073	1			
Inflation	0.144	-0.054	-0.098	-0.097	-0.093	1		
Trade openness	0.086	0.132	0.0011	-0.054	0.013	-0.048	1	
Foreign direct investment	-0.312	-0.182	-0.235	-0.09	0.0147	0.043	0.083	1

Source: Author's estimates.

4.3. Econometric results and discussion

For econometric estimations, the random effects and fixed effects estimation methods will first be used. The Hausman test will then be used to discriminate between the latter two. Then, alternative econometric methods will be used to test the robustness of the basic results.

Newey & West (1987) developed heteroscedasticity and autocorrelation-compatible standard error estimators for panel data. Parks (1967) provided a generic least squares approach known as the feasible generalized least squares (FGLS) approach that was popularized by Doran & Kmenta (1986). However, it is often impractical with microeconometric panels due to the smaller time dimension than the cross-sectional dimension and producing unacceptably small standard error estimates. Beck & Katz (1995) later proposed the panel corrected standard error (PCSE) coefficient in OLS estimations to mitigate these drawbacks. This quantitative research therefore uses inferential statistics to analyze the effects of governance on sustainable development based on PCSE regression and the Driscoll & Kraay (1998) approach for robustness analyses.

The objective of this study is to examine the effects of governance across four dimensions on sustainable development in the eight countries of the West African Economic and Monetary Union for the period 2006-2022.

Regardless of the estimation method used, it is established that corruption and compliance with the rules significantly and positively influence sustainable development in UEMOA. This is a counter-intuitive result because corruption is generally presented as a threat to achieving sustainable development goals. However, according to some authors, corruption can in certain contexts be perceived as oil in the wheels and facilitate transactions and therefore economic growth (Leff, 1964; Méon & Sekkat, 2005).

For the results of the basic estimates (fixed effects method and random effects method), the Hausman test allows us to retain the fixed effects. From the fixed effects method, it emerges that political stability and inflation are the two variables that negatively impact efforts towards sustainable development. This can be explained by the fact that the countries of the space are facing serious problems of political stability compounded by insecurity in recent years. The empirical work mobilized also demonstrates that inflation can negatively influence economic growth and consequently sustainable development. On the other hand, compliance with rules and trade openness are positively linked to sustainable development.

The results obtained by the generalized least squares method and the Panel Corrected Standard Errors method show that political stability and corruption have a positive effect on sustainable development in all the countries in the sample (see Table 4). Compliance with the rules has a negative effect on sustainable development.

By testing the robustness of our results using the Drsicool and Kraay method, it appears that compliance with rules and inflation are the two variables that have a negative impact on sustainable development.

Our results show the need for the authorities of the countries of the space to improve governance, especially by improving political stability. Everything must be done to ensure compliance with the rules, the only condition for marking out the terrain for sustainable development. Measures that also aim to combat inflation must be strengthened to reduce the effects of the increase in the price level on the economies of the WAEMU space.

The results of the estimations are reported in Table 4.

Table 4: Estimation results.

Variables	RE	FE	PCSE	Driscool Kraay

Political stability	0.0286***	-0.03***	0.028***	0.0286
	(0.09)	(0.005)	(0.0073)	(0.0169)
Government Effectiveness	0.00004	-0.005	0.0008	0.02861
	(0.0292)	(0.014)	(0.0316)	(0.0169)
Corruption	0.094***	0.05***	0.0943***	0.0943*
	(0.036)	(0.0162)	(0.026)	(0.048)
Respect for the rules	-0.109***	0.06***	-0.109***	-0.109***
	(0.0302)	(0.020)	(0.0214)	(0.0236)
Government expenditures	0.0008	0.0001	0.0008	0.00086*
	(0.0007)	(0.0001)	(0.0005)	(0.00048)
Inflation	-0.0023	-0.001**	-0.002	-0.0023*
	(0.0016)	(0.001)	(0.0018)	(0.0012)
Trade openness	0.0005	0.0009***	0.0005	0.00051
	(0.0005)	(0.0002)	(0.00036)	(0.0006)
Foreign direct investment	-0.002	0.0005	-0.002	-0.002
	(0.0023)	(0.001)	(0.0018)	(0.0029)
Constant	0.4651	0.483***	0.4651***	0.465***
	(0.0341)	(0.017)	(0.0303)	(0.058)
Number of observations	133	133	133	133
R squared	0.0046	0.4976	0.2019	0.2019
F statistic		14.48		
Prob.(F statistic)		0.0000		
Forest χ 2	31.37		98.34	1698.70
Prob > χ 2	0.0001		0.0000	0.000
Hausman test		0.00		
Prob (Hausman test)		0.00		
Number of countries	8	8	8	8

Note: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Source: Author's estimates

5. Conclusion

This research examined the effects of governance on sustainable development in WAEMU countries over the period 2006 to 2022 in a panel data set. Our results show that political stability, compliance with rules and corruption are levers on which authorities must rely to achieve sustainable development goals.

We therefore recommend that the quality of governance of national institutions be improved through appropriate mechanisms. They must also combat inflation. Our results are robust after accounting for outliers, heteroscedascity, possible omission of variables and endogeneity in our estimations.

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